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**UNITED STATES URGES EU TO CONTINUE PROGRESS IN OPENING
LOCAL COMMUNICATIONS MARKET TO BROADBAND COMPETITION**

The United States, in comments filed yesterday before the European Commission, endorsed an important element of the European Commission's "E-Europe" initiative, a proposal to mandate the opening of local telephone networks to competitive suppliers of broadband services. At the E-Europe Summit, to be held in Lisbon from March 20-21, EU Member States will consider action to implement this proposal by the end of 2000.

"The U.S. experience confirms that opening monopoly telecom networks speeds availability of fast Internet connections for all consumers. Governments must take decisive action to realize the full potential of the emerging digital economy," said William E. Kennard, Chairman of the Federal Communications Commission. From mid-1998 to mid-1999, competitors doubled the number of unbundled local loops they took from incumbents to 685,000. Moreover, as of mid-1999, competitors had located equipment in incumbent telephone company central offices so that they could reach 60 percent of all lines in the U.S.

Certain EU Member States, such as Denmark and Germany, have taken steps towards local loop unbundling, and certain other Member States have accepted the concept. Further action by all Member States to implement competition in local services is necessary. Incumbent operators can be expected to slow the competitive introduction of ubiquitous broadband services, by claiming technical and operational difficulties, unless Member State regulators establish detailed rules that compel local loop unbundling and line-sharing.

"Like the U.S. Telecommunications Act of 1996, the EU's proposal is essential to ensure that every citizen, either at home or at work, can choose among competing suppliers of the most advanced telecommunications services," said United States Trade Representative Charlene Barshefsky. "We urge EU Member States to adopt this proposal, which can help unleash in Europe the economic growth that the Internet has generated elsewhere. It would also put Europe in the forefront of developing best practices for implementing the WTO Basic

Telecommunications Agreement."

In the same way that rapid advances in microprocessor and other computing technologies have enabled the global software industry to develop better and more useful programming, widespread increases in local telephone networks' capacity to deliver broadband Internet and other services will enable new and innovative forms of electronic commerce to take root.

"The single most important bottleneck to electronic commerce outside the United States is access to networks that can deliver Internet and other content at high speeds and in large volumes," said Secretary of Commerce William Daley. "We welcome Europe's initiative to speed up the transition of its local telecommunications market from monopoly to competition. Independent regulators need the authority to assure that the playing field for new suppliers of broadband services is level and fair. We urge all Member States to adopt the European Commission's proposal to open to competitive suppliers the local networks controlled by dominant operators, which is essential to realize the full benefits promised from the rapid growth of the Internet and electronic commerce."